



Department of Justice

FOR IMMEDIATE RELEASE
WEDNESDAY, MAY 31, 2000
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**DEPARTMENT OF JUSTICE FILES LAWSUIT TO BLOCK PROPOSED JOINT
VENTURE BETWEEN FRANKLIN ELECTRIC AND
UNITED DOMINION INDUSTRIES**

WASHINGTON, D.C. - The Department of Justice today filed a civil antitrust lawsuit to block a proposed joint venture between Franklin Electric Co. Inc. and United Dominion Industries Inc. because the transaction would eliminate competition and create a monopoly in the production and sale of submersible turbine pumps (STPs) used in the United States. STPs are pumping mechanisms used at gasoline service stations to transfer gasoline from underground storage tanks to above-ground island dispensers. Over 90 percent of gasoline service stations in the U.S. use STPs to pump gasoline.

Earlier this week, the Department announced its intention to file a suit to block the transaction. Today's lawsuit was filed in U.S. District Court in Madison, Wisconsin.

Franklin Electric and United Dominion are the only two producers of STPs used at gasoline service stations in the U.S. According to the complaint, United Dominion's Red Jacket was the dominant STP sold in the U.S. until FE Petro introduced new technology and began to take significant market share from Red Jacket in the 1990's. The joint venture would eliminate the head-to-head competition that currently exists between the two companies.

"The proposed joint venture would create a monopoly in submersible turbine pumps in the U.S., resulting in higher prices, less innovation, and lower quality and service for customers," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "We

brought this suit to preserve the benefits of competition for the owners and operators of gasoline service stations that require these pumps to operate their businesses.”

United Dominion, which has approximately a 60 percent market share, sells STPs under the brand name “Red Jacket” through its subsidiary The Marley Company. Franklin Electric, which sells STPs under the brand name “FE Petro” through its subsidiary FE Petro, has approximately a 40 percent market share. The joint venture would combine the assets of FE Petro and Marley into a joint entity 75 percent owned by Franklin Electric and 25 percent owned by United Dominion.

Franklin Electric is an Indiana corporation headquartered in Bluffton, Indiana. It reported 1999 sales of \$293.2 million. Its subsidiary, FE Petro, produces STPs at a plant in McFarland, Wisconsin.

United Dominion, a wholly owned subsidiary of United Dominion Industries Limited, is a Delaware corporation headquartered in Charlotte, North Carolina. United Dominion Industries Limited, a Canadian corporation, reported sales of \$2.15 billion in 1999. Its subsidiary, Marley, produces STPs at a plant in Davenport, Iowa.

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